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Creating a Game Plan for the Transition to a Sustainable U.S. Economy

By Jeffrey Hollender, Gar Alperovitz, Christina Asquith, Bill Becker, Robert Costanza, Elliot Hoffman, Ellen Kahler, David Levine, Hunter Lovins, and David Rapaport

In Brief:

The Obama administration should take advantage of the economic crisis to redefine the country's social goals to prioritize sustainable human well-being and not just grow the economy. We should strive for a future that has full employment and more leisure time to spend with friends and family, thereby reducing conspicuous consumption and poverty. This article envisions what that society might look like with redefined goals, and includes specific ideas as to how to achieve this vision.

The United States—indeed, the global community—is at a crossroads. We have a choice between two futures.

The first is business as usual. In an effort to continue economic growth in the conventional sense (growing Gross Domestic Product with little concern for distribution of wealth), we exacerbate all of the problems that GDP growth is increasingly causing. We fail to recognize that such growth in the developed countries is not improving human well-being. We fail to recognize that distributing our

wealth more fairly would actually improve overall well-being. We do not address the growing climate and other environmental problems and continue to damage the ecological life-support systems on which we all depend, particularly the poor. We fail to anticipate and deal with the constraints inherent in our dependence on finite resources such as fossil fuels. It is a future that is not sustainable and also not desirable to the vast majority of humans.

The second future is much brighter: Extreme poverty is eradicated. Our energy economy in the United States and worldwide shifts to clean, renewable resources. Ecological design becomes business as usual, and humankind finally accepts its role as an integral participant in and steward of the environmental systems upon which true prosperity depends.

In short, we have a choice to become victims of the future or its architects.

We have not yet made a choice in the United States, although as President Barack Obama has noted, this is the moment we can. And this is the moment when we must if we wish to avoid Future No. 1 and to create a future of genuine prosperity and security in the 21st century.

So how do we begin?

When President Obama made his first visit to China in December 2009, the American media did some soul searching. Why was China such a vibrant economy and an emerging superpower, while the world's sole superpower and largest economy—the United States—seemed in trouble? What could the United States learn from China?

“The energy that so many outsiders feel when they are in China and that President Obama may see when he is there comes not just from the frenetic activity that is visible everywhere,” *Time* magazine reported on the eve of President Obama's trip. “It comes also from a sense that it's harnessed to something bigger. The government isn't frantically building all this infrastructure just to create make-work jobs . . . [Y]ou get a sense of what a forward-looking country this once very backward society has become.”

In short, China has a vision and a plan. America, particularly in this time of deep political division, does not. We would argue that the greatest challenge facing the United States is not health care reform, not the recession, not the flu pandemic, not the wars in Iraq and Afghanistan, and not the federal budget deficit. Our greatest challenge, shared by leaders and citizens alike, is

to envision what we want to become and how we will get there, taking into account the new realities of the 21st century, with all the risks they imply for national security, public health and safety, and economic stability.

America needs a vision and a five-year plan that redirects us toward it. In 2009, *Solutions* convened several of America's experts in sustainability, broadly defined, and asked them to brainstorm about such a plan. What is the roadmap to a truly sustainable and desirable society? What are the stepping-stones and milestones?

As one might expect from so fertile a group, the ideas that emerged are too numerous to report here. *Solutions* has posted many of them online at www.thesolutionsjournal.org. In this article, we take a few of the most salient ideas and present them as elements of a five-year plan to achieve—or at least to set us on the road toward—Future No. 2.

First, let's describe that future as best we can envision it.

In Future No. 2 we will have redefined our social goals to prioritize sustainable human well-being—a high quality of life—as more important than merely growing the economy. We will have full, rewarding employment, but people also will have more leisure time to spend with friends and family. Conspicuous consumption of things we don't really need will have been replaced by enjoyment of our bountiful social and natural assets in sustainable ways.

Both within the United States and globally, we will have eradicated extreme poverty and all people will be able to achieve and sustain a decent material standard of living. We will do this with resources, designs, and technologies that allow all people the opportunity for prosperity, without degrading the natural systems on which true prosperity depends.

In the future we want, the United States will collaborate with other nations to mitigate climate and other environmental damages and to adapt

to changes already underway. For example, we will have found creative life-enhancing solutions to the impacts of global climate change that scientists tell us already are inevitable—solutions ranging from resilient zero-carbon buildings and the restoration of watersheds to reduce flooding to urban forests that minimize the heat-island effect.

Key Concepts

- The economic crisis should be viewed as an opportunity to drastically reprioritize our goals to emphasize sustainable design and healthy living over economic growth
- If we take small steps, we will never achieve real reform. Now is the time for bold action
- China has a vision for moving forward, while the U.S. is on the defensive
- Five key steps must be taken: getting off fossil fuels, taking money out of politics, shifting values, changing the structure of the corporation, and moving to a full-cost accounting system

In the United States, we will have made a dramatic shift to energy efficiency and away from fossil fuels of any kind, from any source, toward domestically available renewable energy resources. Through good old American innovation, combined with our ample supplies of wind, sun, ocean power, geothermal energy, and other similar resources, we will have made nuclear power, coal power, and petroleum obsolete in our economy. Empowered by intelligent government policy and robust emerging markets for green technologies, we will have proved wrong those who predicted that America could not meet its energy needs without nukes and fossils.

In Future No. 2, green jobs will be good jobs available in every community, to every demographic, at

every level. Our energy trade deficit—the hemorrhage of energy dollars from every business, community, and household; the threat of resource wars to maintain energy imports—will exist only in our memories and museums. In Future No. 2, no citizen will be considered literate unless he or she is eco-literate. And the guiding ethic of our economy, our society, and our foreign policy will be interdependence—the full recognition that we are interconnected with one another, with all other nations and species, and with the planet's life-support systems. This ethic will not be considered an oddity of New Agers or pantheists. Proven time and again—most recently by the effects of climate change, the flu pandemic, the global recession, food riots, the vulnerabilities of a nuclear-armed world, and the roller-coaster ride of the world oil market—interdependence and the stewardship ethic will be a fundamental tenant of religion, government, and social norms.

A more complete vision of the future we want should be the product of a society-wide conversation. But if what we've described here is close to what that vision should be, then what steps might we take toward Future No. 2 in the next five years? The following broad concepts can guide this discussion.

From "Siloed Interests" to Shared Purpose

The economic crisis, the energy crisis, the water crisis, the food crisis, the security crisis, the leadership crisis, the health care crisis, the educational crisis, the climate crisis. The problem is that each of these crises has its own discourse, organization, conferences, journals, websites, funding mechanisms, programs, and so forth. While all these single-issue groups of change makers engage in well-intentioned work by mobilizing action for their respective crisis symptoms, there seem to be several missing pieces: one, a discourse



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across these silos about how all of these issues are interconnected; two, a discourse about the systemic root causes that continuously reproduce the whole cluster of crises; and three, the discourse on how we must identify and coalesce the people, organizations, and institutions that recognize common humanity and responsibility to each other and the planet. We must rapidly evolve from a world where millions of single-issue groups and organizations compete for resources and attention to a world that begins to unite them in the common pursuit of a better future for all. One cannot expect groups to let go of their individual concerns, but it is essential that we help them shift their perspectives and begin to view the world through a different lens, a lens that allows us all to see that our only chance of lasting success is through a greater focus on what unites us rather than on what divides us. We are squandering our passion and willingness to help. To change this paradigm will require a major shift in consciousness.

Such a shift is not impossible to imagine. Multistakeholder groups are gathering in communities to tackle

some of our most pressing issues. A growing alliance of organizations has united around the need for global climate change policy. New collaborative efforts of businesses and nongovernmental organizations are promoting comprehensive chemical policy reform that assesses and avoids hazards at the same time that it builds an economy using healthier and safer chemicals, materials, and products based on green chemistry and engineering principles throughout their life cycles. Business leaders are gathering to form a coordinated force for national policy efforts.

The Game Plan Concepts and Actions

This shift from a single-issue focus to shared purpose must be guided by five broad concepts and actions:

1. Getting money out of politics.

One could argue that our political process in the United States remains primarily an extension of big money and the power it confers. Until we can separate money and politics, we

will never have a political process or democracy that acts in the best interest of all stakeholders. Publicly financed elections are a first and essential step. The Center for Responsive Politics reports that 2,225 lobbyists from energy companies now are working on Capitol Hill to influence climate legislation, outnumbering environmental lobbyists nearly five to one. Spending by lobbyists was on record pace in 2009, with the oil, gas, and utility industries outspending alternative energy industries 10 to one (see <http://www.opensecrets.org/>). In other words, the dominant army of lobbyists represents companies that produce and burn carbon-intensive fuels, protecting their perceived right to pollute and to profit from this practice.

In the fall of 2009—one year before the next congressional election—data from the Federal Election Commission indicated that oil and gas interests already had contributed \$6.3 million to candidates for federal office in the 2010 election cycle. Electric utilities had contributed about the same; coal interests had contributed more than \$850,000. So long as these firms continue trying to maintain our old energy economy rather than joining the inevitable shift to a new one, it's safe to assume the fossil energy sector will fight the election of a Congress that facilitates a rapid transition away from the fossil energy era.

Current secular law makes this legal; moral law does not. Voters, who vastly outnumber lobbyists when they show up, must insist that Congress reform the undue influence of money in government, starting with much greater public financing of political campaigns.

2. Full-cost accounting.

Our current system of pricing products and services ensures that society perpetually makes poor choices. Until we stop transferring the cost of externalities from business to society,

market forces will not lead us to choices aligned with the best interest of future generations.

For example, some calculate the true cost of a gallon of gasoline to be roughly \$15 when we add in the cost of our military in the Middle East (excluding the two current wars), the cost of health care related to air pollution due to vehicles, the cost of diminished environmental health, and the cost of direct and indirect subsidies. Current public policy subsidizes resources and behaviors that keep us from making the shift to a 21st-century economy. All subsidies for fossil energy, except those genuinely needed for national security, must be eliminated and shifted to energy efficiency and clean energy technologies—a goal the G20 nations apparently have accepted. Embracing a proposal by President Obama in September 2009, the G20 agreed to gradually phase out the estimated \$300 billion currently spent on fossil energy subsidies.¹

In the United States, Obama has also introduced legislation to eliminate millions of dollars in subsidies for the fossil energy industry. And the Presidential Climate Action Project has proposed to the administration that the group conduct and publish the first-ever inventory of federal subsidies that result in greenhouse gas emissions and then establish a commission to propose which of the subsidies should be eliminated. Some of the subsidies are sacred cows: for example, the home mortgage interest deduction that encourages the construction of larger homes, one of the principal reasons U.S. energy consumption is predicted to grow in the years ahead.² To make these reforms a little less politically difficult, the commission's recommendation would be an all-or-nothing package, much like the military base-closing exercise some years ago.

Because of perverse subsidies and hidden or externalized costs, the “magic of the marketplace” has been subverted. Full-cost, life-cycle accounting must



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become the standard by which we make public and private investments and by which prices are determined for energy and other goods.

The principle of transparency must extend to the private sector, too. Corporations must report their carbon profiles, create and publish proactive policies on corporate social responsibility and sustainability, and follow Walmart's lead in making the environmental footprint of their products more transparent through labeling.

3. Getting off fossil fuels.

In his campaign platform on energy, President Obama cited a United Nations study that ranked the United States as the 22nd most energy efficient among the world's major economies. “We can do better,” Obama pledged in 2008. “An Obama administration will strive to make America the most energy efficient country in the world.”

The benefits of energy efficiency are well known: less pollution and pollution-related illness, more disposable income for every energy consumer, less imported oil, less use

of fossil energy generally. But another important benefit of Obama's goal would be to insulate the economy—including every consumer—from the impact of higher prices for fossil energy that will result once Congress puts a price on carbon.

To create a sizeable and sustained market for energy efficiency and renewable energy technologies—a market that will give those industries the confidence to make major investments in plants and equipment and that will result in lower prices because of economies of manufacturing scale—we must count the costs of carbon pollution in the price we pay for petroleum, natural gas, and coal.

4. Changing the ownership and purpose of the corporation.

Business is consistently cited as the most powerful influence on the planet. Today, existing incentives propel corporate owners to single-mindedly pursue short-term maximization of financial gains; U.S. capital gains tax laws are just one example of how we have



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institutionalized incentives that encourage the wrong behavior. Employees create value but have no ownership of it, thus concentrating wealth in the hands of stockholders. We must repurpose the corporation to benefit society and all stakeholders.

There are many forms of corporate ownership that offer possibilities essential to redesigning the relationship between business, ownership, and labor. Some of these include employee-owned firms, cooperatives, land trusts, public pension investment strategies, municipal enterprises—all are and should increasingly be part of a new mix for the U.S. economy. To ensure a fully functioning democracy, as Gar Alperovitz wrote in *America beyond Capitalism*, “the ownership of capital must be altered.” This can be achieved by allowing workers to earn ownership through incentives that encourage labor to accumulate capital.

We know we cannot rely on government alone for the transformative changes needed to create Future No. 2. The real power for creating a sustainable society lies with state and local governments *and* with corporations and consumers—

and there are indications that all of these sectors are moving the United States toward a greener economy. For example, a poll by *Time* magazine during the summer of 2009 found that nearly four of every 10 American consumers over age 18 regularly and deliberately choose products made by “socially responsible” companies. Based on its poll and several other factors, *Time* concluded that, “in America, we are recalibrating our sense of what it means to be a citizen, not just through voting or volunteering, but also through what we buy. . . . We are seeing the rise of the citizen consumer—and the beginnings of a responsibility revolution.” These green consumers are almost equally divided between people who classify themselves as conservatives, moderates, and liberals.

A significant number of companies as well are committing to social responsibility and sustainability. For example, after interviewing more than 200 corporations that represent 75 percent of the \$36 trillion equities market in the United States, Siemens Building Technologies and McGraw-Hill Construction concluded that “corporate America’s embrace of

sustainability has more than doubled in strength in the past three years with 76 percent of the largest U.S. firms reporting efforts and commitments that exceed those required by law” (<http://www.greenbiz.com/print/27596>).

After surveying nearly 1,600 business leaders around the world, the Boston Consulting Group (BCG) reported in the fall of 2009 that 92 percent of respondents said their companies were addressing sustainability in some way. Corporate interest in sustainability has remained strong even during the recession, BCG found, and there was a strong consensus among the business leaders it interviewed that companies “will play a key role in solving the long-term global issues related to sustainability” (<http://www.mitsmr-ezine.com/busofsustainability/2009>).

These trends open the door for a new collaboration between corporations, consumers, and government at all levels—a new social compact designed to bring about Future No. 2. The U.S. government, perhaps the nation’s biggest consumer of goods, services, and energy, would commit to green its supply chain—and in fact is already taking steps to do so. On October 5, 2009, President Obama issued an executive order that requires federal agencies to reduce their carbon emissions, to use less energy and water, and to comply with new sustainability requirements. Every state and local government in the United States should follow suit.

In the new social contract, every company hoping to earn the loyalty of green consumers would create and regularly publicize its corporate social responsibility and sustainability policies. Companies would set clear goals for reducing their greenhouse gas emissions, improving their resource efficiency (including water and energy), using recycled content in their products, and replacing high-carbon with low-carbon energy.

For their part, consumers would favor green and socially responsible companies not only in their purchases but also in their investment portfolios. They would pledge to conserve energy, to recycle and reuse, and to support local investments in mass transit, hiking-biking paths, urban forestation, and smart growth.

5. Shifting values.

This is an unprecedented moment in history. The disruption, uncertainty, and reordering of our economic life will lead to new worldviews, marked by an unfolding revolution in social values and behavior. Through greater consciousness of the potential perils and opportunities at our doorstep, we must ensure that values shift toward creating real and lasting prosperity for all, rather than furthering a world filled with an abundance of artifacts for the few and ensuring a dismal fate for us all. This shift in “consciousness” or “worldview” must foster a new and deep understanding of the values essential to building a just and sustainable future.

In making this shift, it is critical to reassert government’s stewardship responsibility. This responsibility is recognized in the body of laws past Congresses developed when we realized that burning rivers, poisoned water, dangerous air, carcinogenic fish, and toxic wastes were not in the national interest. In the landmark National Environmental Policy Act, for example, Congress declared, “It is the continuing responsibility of the Federal Government to use all practicable means, consistent with other essential considerations of national policy, to improve and coordinate Federal plans, functions, programs, and resources to the end that the Nation may . . . fulfill the responsibilities of each generation

as trustee of the environment for succeeding generations.”

Some legal experts believe public officials have a fiduciary duty to protect the commons—the air, soil, water, and forests on which we all depend. Professor Mary Wood at the University of Oregon law school champions the idea of an “atmospheric trust doctrine,” under which government officials are held legally responsible for failing to reduce carbon emissions. Wood argues that “such litigation rests on the premise that all governments hold natural resources in trust for their citizens and bear the fiduciary obligation to protect such resources for future generations. The courts have the ability to enforce this fiduciary obligation to reduce carbon at all levels of government.”

Because of perverse subsidies and hidden or externalized costs, the “magic of the marketplace” has been subverted.

For example, two-thirds of the greenhouse gases emitted by companies in the United States are amounts in compliance with government-issued permits, Wood says. That means that government is not fulfilling either its fiduciary or its moral responsibility in regard to climate change. Yet in past court cases, Wood says, we can find the seeds of an atmospheric trust doctrine. For example, in a 1982 lawsuit involving a railroad and the State of Illinois, the U.S. Supreme Court ruled that “the State can no more abdicate its trust

over property in which the whole people are interested . . . than it can abdicate its police powers in the administration of government and the preservation of peace.”

Moving Forward Together

To implement the essential principles of change, we must reframe the challenges we face. We must approach them not from the compartmentalized perspective with which we tend to frame and separate our many problems, but from a systemic perspective that attempts to identify the common root causes of all of these symptoms of an overarching disease. From that analysis we must work together to develop the holistic, systemic vision of where we need to go as a society and the plan to get there.

This article is merely a start. Many of the more specific ideas that the group developed are available at the *Solutions* website (www.thesolutionsjournal.org), and we encourage everyone to participate in the ongoing discussion. *Solutions* will be one of the emerging venues to host this conversation. It is the dialogue we must have if we wish to avoid Future No. 1 and create something close to Future No. 2. **S**

Go to www.thesolutionsjournal.org to read more and to add your thoughts on the future we can and must create together.

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